



EXECUTIVE MINUTE

on

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT REPORT [No. 396]

[REVIEW OF AUDITOR-GENERAL'S REPORTS, 2002 – 2003, FIRST, SECOND AND THIRD QUARTERS]

General comments

The JCPAA report No 396 provided two recommendations in relation to the Australian National Audit Office (ANAO) report into Facilities Management at HMAS Cerberus (Audit Report No 3, 2002 – 2003). Of particular concern to the JCPAA were issues relating to Defence's follow-up of Inspector-General, ANAO and JCPAA recommendations.

Response to the recommendation(s)

Recommendation No. 2 paragraph 3.33

The Department of Defence should immediately update its Audit Recommendations Management System and provide the Committee and the Australian National Audit Office with a report on the current status of all Committee and Audit Office recommendations.

Recommendation No. 2 paragraph 3.34

The Committee expects Defence to review its instructions concerning the use of ARMS and its monitoring arrangements to ensure that the system is being correctly used to monitor Defence's progress in completing the requirements of the recommendations to which it has agreed.

Defence supports this recommendation and is continuing to make progress in their implementation.

The Defence Committee (DC), at its meeting on 21 June 2000, determined that the Inspector-General would provide a standing report on audit recommendations. The Inspector-General reports to the DC 5 times per annum on the implementation status of recommendations. The purpose of the report is to advise the DC on progress with the implementation of all audit recommendations in Defence raised by the Joint Committee of Public Accounts and Audit (JCPAA), Australian National Audit Office (ANAO) and the Inspector-General, and to report on the overdue/unactioned recommendations for each Group.

The Defence Audit Committee (DAC) is responsible for reviewing internal and external audit reports and providing advice to the Secretary on action to be taken. The Inspector-General reports to the DAC 5 times per annum on the implementation status of recommendations. This information is also made available to the Australian National Audit Office since the Auditor-General's representatives attend as observers.

As requested, the following is a summary of the implementation of JCPAA and ANAO audit recommendations in Defence as at 31 December 2003, and the overdue/unactioned recommendations for each Group.

Overview

Active recommendations have gradually increased (Table A) during the year from 106 at 31 Dec 02 to 134 at 31 Dec 03, and there were marginally more JCPAA and ANAO recommendations entered on ARMS during 2003 (143) than in 2002 (128).

Overdue recommendations increased from the particularly good low of 2 at 31 Oct 03 to 5 at 31 Dec 03 (Table C). This figure compares favourably with the 16 overdue recommendations at 31 Dec 02.

Trend Analysis

Table B details the active and overdue recommendations by Group, and summarises the recommendations by organisation and category. 3 new recommendations (2 ANAO and 1 JCPAA) were entered on ARMS during the period, of which 1 was a high priority recommendation and 2 were lower priority recommendations.

Table C shows the proportion of active and overdue recommendations for the 12 months 31 Jan 03 to 31 Dec 03. Overdue recommendations decreased significantly during the year from 18 at 31 Jan 03 to 5 at 31 Dec 03, although active recommendations increased from 106 at 31 Jan 03 to 134 at 31 Dec 03.

The status of high priority recommendations is shown in Table D. There were 35 active high priority recommendations at 31 Dec 03, a decrease of 9 since 31 Oct 03. Overdue high priority recommendations increased from 0 to 2 during the period. These overdue high priority recommendations belonged to Chief Finance Officer and Defence Materiel Organisation (DMO). As shown in Table E, the DMO overdue recommendation was completed 30 Jan 04.



Robert Hill
Minister for Defence

Tables:

Table A	-	Active Recommendations – Dec 02 to Dec 03
Table B	-	Active and Overdue Recommendations – 31 Dec 03
Table C	-	Proportion of Overdue Recommendations - 31 Jan 03 to 31 Dec 03
Table D	-	High Priority Recommendations as at 31 Dec 03
Table E	-	High Priority Recommendations Overdue as at 31 Dec 03

Table A

ACTIVE JCPAA AND ANAO RECOMMENDATIONS

DECEMBER 02 to DECEMBER 03

31 Dec 02	106		31 Jul 03	103
31 Jan 03	101		31 Aug 03	98
28 Feb 03	92		30 Sep 03	84
31 Mar 03	97		31 Oct 03	121
30 Apr 03	94		30 Nov 03	143
31 May 03	93		31 Dec 03	134
30 Jun 03	94			

Table B

**ACTIVE AND OVERDUE JCPAA AND ANAO RECOMMENDATIONS - 31
DECEMBER 03**

	Total Active	Overdue Recs			Total Active	Overdue Recs
AIR FORCE	3	0		DMO	39	1
ANAO Cat B	3			ANAO Cat A	18	1
				ANAO Cat B	18	
ARMY	3	0		ANAO Cat C	3	
ANAO Cat B	3					
				DPE	20	0
CFO	33	2		ANAO Cat A	10	
ANAO Cat B	19			ANAO Cat B	10	
ANAO Cat C	13	1				
JCPAA	1	1		DSTO	1	1
				ANAO Cat B	1	1
CSIG	18	0				
ANAO Cat A	1			HQAST	0	0
ANAO Cat B	13					
ANAO Cat C	4			IG	1	0
				JCPAA	1	
DID	1	1				
ANAO Cat B	1	1		I & S	1	0
				ANAO Cat B	1	
NAVY	8	0				
ANAO Cat A	4			VCDF	1	0
ANAO Cat B	4			ANAO Cat B	1	
OCIO	1	0			TOTALS	
ANAO Cat B	1					
				ANAO Cat A	33	1
STRATEGIC	4	0		ANAO Cat B	79	2
POLICY				ANAO Cat C	20	1
ANAO Cat B	4			JCPAA	2	1
				GRAND TOTAL	134	5

Table C

PROPORTION OF OVERDUE JCPAA AND ANAO
RECOMMENDATIONS

31 JANUARY 03 to 31 DECEMBER 03

	31-Jan-03	28-Feb-03	31-Mar-03	30-Apr-03	31-May-03	30-Jun-03
Recs Not Overdue	83	75	83	82	82	81
Recs Overdue	18	17	14	12	11	13
Total Active	101	92	97	94	93	94

	31-Jul-03	31-Aug-03	30-Sep-03	31-Oct-03	30-Nov-03	31-Dec-03
Recs Not Overdue	97	88	74	119	137	129
Recs Overdue	6	10	10	2	6	5
Total Active	106	98	84	121	143	134

Table D

**HIGH PRIORITY JCPAA AND ANAO CATEGORY A
RECOMMENDATIONS AS AT 31 DECEMBER 03**

		New this month	Completed this month	Total active	Overdue at 31 December 03
AIR FORCE	ANAO				
ARMY	ANAO		3		
CFO	JCPAA			1	1
CSIG	ANAO			1	
DMO	ANAO			18	1
DPE	ANAO		2	10	
IG	JCPAA			1	
NAVY	ANAO			4	
Total ANAO			5	33	1
Total JCPAA				2	1
GRAND TOTAL		0	5	35	2

Table E

**HIGH PRIORITY ANAO AND JCPAA RECOMMENDATIONS OVERDUE
AS AT 31 DECEMBER 03**

Category	Audit Title/Recommendation	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Officer Now Responsible	Created On
JCPAA	CFO Report 389. Review of Auditor-General's Reports 2000-2001. Fourth Quarter. Rec 2 - Develop its financial and management systems	27/09/02	30/11/03 30/06/04	25% Complete 50% Complete	Mr G Hine	5/07/02
	DMO					
ANAO - Cat A	Performance Management of Defence Inventory Rec 7 - Total cost analysis on evolutionary process	1/07/01	31/12/03	50% Complete Completed 30/01/04	Mr G Weber	19/03/99

Comments in italics reflect the current status on ARMS.